

**MINUTES**  
**GAMING ADVISORY COUNCIL**

*March 18, 2004*  
*Scott Hart Auditorium*  
*Helena, Montana*

Please note: This is a summary of the Council meeting. The meeting in its entirety is on tape at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits are on file in the office of the Gambling Control Division.

**COUNCIL MEMBERS PRESENT**

John Tooke, Vice-Chairman	Steve Morris
Bill Thomas	Kevin Howlett
Pam Kennedy	Rep. John Witt
Nick Murnion	Tim Carson
Sen. Dale Mahlum, Excused Absence	

**DIVISION STAFF PRESENT**

Gene Huntington	Ben Kamerzel
Rick Ask	Cregg Coughlin
Kathy Baertsch	Kathy Fisher
Jessica Adams	

**SUMMARY OF COUNCIL ACTION**

- ◆ The Council deferred action to the next meeting on the New Games draft legislation.
- ♠ The Council deferred discussion on the proposed changes in the bingo laws until the next meeting.
- ♣ A motion passed requesting the Division provide the Council with the legislative proposal on AARS with the omission of (2)(c) referring to grandfathered locations.
- ♥ A motion passed unanimously for the Division to pursue proposed legislation more directed at the providers of internet gambling.
- ◆ The Council requested that the Division draft appropriate legislation for the display of antique slot machines to present at the next Council meeting.
- ♠ The Council tentatively set the next meeting in Great Falls on June 23, 2004.

## **CALL TO ORDER AND ROLL CALL**

Vice-Chairman Tooke called the meeting to order at 10:02 a.m. All members were present except for Senator Dale Mahlum, who was excused. The minutes from the December 3, 2003 meeting were adopted unanimously.

## **REPORT FROM TRIBAL COMPACT SUBCOMMITTEE**

Roger Snake, Northern Cheyenne operations manager, lead a prayer to bless all at the meeting. Kevin Howlett reported that the committee believes that there are issues as far as gaming; the role of IGRA and the role of the Tribes; and the nature of compact negotiations; the subcommittee will continue to try to come up with answers to these issues. Mr. Howlett thanked Pam Kennedy and Bill Thomas for the hours spent in meetings.

Tyrell Matt, Attorney, Blackfeet Tribe, member of Fort Belknap, stated that the plight of the Indian people in Montana has not changed since IGRA was formed in 1987. She believes that solutions include expanding Class III gaming with large resorts; the compacts are very limited from the Tribes' perspectives. She stated that all the Tribes feel that the negotiations are failures. She said that a simple solution would be to make negotiations so that the Tribes feel that they have the respect of the government and that real solutions are considered. She explained that if you increase the money made on reservations, you will increase the money made in surrounding towns. Ms. Matt's recommendation is that there needs to be an amendment to the compact statute provision to include gaming and not just compacts with highway patrol, tobacco and gas, which are covered in the statute.

Mr. Howlett suggested that it would be helpful to begin to analyze what potentials there might be in terms of economic development on the reservations. Mr. Howlett stated that in other states people go to the out the way tribal casinos in great numbers to gamble.

Rick Wolf Mane, Charging Horse Casino Gaming Commission, Northern Cheyenne Tribe Council member, stated that the Charging Horse Casino has met the three IGRA requirements: self-sufficiency, strong tribal government and economic development. Mr. Wolf Mane invited the Council to come and visit the Casino and view the operation.

Pete Lamere, Chippewa Cree, Tribal Councilman, Gaming Board member, stated that current negotiations are not true negotiations because the State team has orders on limits. He believes that the Tribes should have an opportunity to create casinos based on what the market will allow.

Mr. Howlett explained that it is the role of the Gaming Advisory Council to make recommendations for legislation concerning gaming.

Ms. Kennedy stated that legislative change needs to happen to be able to allow broader negotiations and to allow some latitude to be able to negotiate.

Tyrell Matt, handed out the Montana/Wyoming Tribal Leaders Consensus Paper on Gaming Legislation. Ms. Matt stated that the Tribes want to know what the Governor's authority is to sign compacts. She stated that the Tribes demand to be treated as governments and given respect. The Tribes request that the Committee propose legislation that expressly grants the governor authority to sign a gaming compact with the Tribes.

William Walks Along, Vice-Chairman of the Northern Cheyenne Gaming Commission, Northern Cheyenne Tribe, stated that IGRA is being stymied, the goal of IGRA is for economic development, self-sufficiency and strong tribal government; the tribes want to deal with the state on a government to government basis. Mr. Walks Along stated that there is 70-80% unemployment on the reservation and the life expectancy is 55. The free market should determine whether or not the Tribes can afford larger gaming facilities and higher payouts. Mr. Walks Along explained that there is a responsibility for the State and Federal governments to address those issues and problems.

Mr. Howlett stated that the subcommittee is available for further discussion with the Tribes and that the Tribes should send recommendations to Mr. Huntington and a meeting will be scheduled.

Ervin Carlson, Blackfoot Tribal Council, thanked the council for listening to the Tribes and suggested that the sub-committee meet at the Northern Cheyenne reservation to see a rural reservation.

John Tooke asked if the Class II game developments and their economic benefits would offer a significant solution to some of the problems. Tyrell Matt, stated that this has been a topic of discussion, there are already \$25,000 payouts at the Discovery Lodge, but Ms. Matt explained that the economic benefits of Class III gaming outweigh the benefits of Class II gaming.

Mr. Howlett stressed that the Tribes want workable Class III gaming compacts.

### **REPORT FROM NEW GAMES COMMITTEE**

Gene Huntington gave a general overview of the committee and the games allowed: keno, poker and bingo, and described the need to address bonus games. Tim Carson thanked Mr. Tooke and Mr. Murnion for the time and effort they have expended to address this issue. Mr. Carson stated that there are challenges from a manufacturing standpoint, developing gaming concepts, and if accelerated pay tables or bonus games can be developed this will bring play enhancement to a market that has become stale.

Mike Mahoney, IGT/VLC, appreciated the fact that manufacturers' comments have been taken into account and commended the committee for their good work.

After a lively discussion involving the Department's authority reference, and potential "expansion of gaming" problems, the Council deferred final action on this draft legislation to the June 2004 meeting.

Mr. Carson reported that the committee is continuing to research patented games and royalty arrangements. Mr. Staples said that the MTA will not support this proposal because there needs to be a separation between the different levels of the gaming industry. He stated that royalties are vendor paid which is one more reason the little guy won't buy his own machines.

Steve Arntzen, Route Operator, stated that the route operators do not pay the fee, it is divided between the vendor and the location in the same percentage as whatever their location agreement is.

Mr. Carson stated that the committee recommends that bingo limits remain status quo with no changes in limits. Bill Thomas stated that the Council does not want to go into the next Legislative session looking like we are expanding gaming. Discussion of this issue was deferred until the next meeting.

### **AARS LEGISLATION**

Mr. Huntington explained that in December, LGS filed for Chapter 11 Bankruptcy. The State is currently trying to finalize a settlement agreement with LGS so that the state will have a claim subject to the bankruptcy proceeds.

Mr. Huntington stated that the analysis by BearingPoint recommends initiating a web-entry system on a voluntary basis. There would be three different levels: route operators who purchase their own accounting systems could enter data in packets that could include many locations; operators could individually enter tax data through a state website; or operators could submit manual tax reports to be entered on the website by GCD staff.

Joe McKinney, representing Northern Vending, said that he likes the web entry system, it is very affordable to large operators, and he urged the Council to go forth with this system. Mr. Tooke asked what the cost would be for Northern Vending and Mr. McKinney responded that it would be less than 10% of the original proposed cost and that handheld systems can be downloaded daily.

Mr. Staples explained that there are areas of concern and there is contention over grandfathered machines being allowed to have multi-game software, he believed it was allowed either by mistake or oversight. These establishments could only have keno machines when grandfathered and with multi-game they could also have poker.

Mr. Howlett asked what the legislative intent was with respect to grandfathered machines. Mr. Carson explained that the Council did not want to exclude a group from hooking up to AARS and having multi-games. Steve Morris stated that it is the position of the 800 members of the Montana Tavern Association that grandfathered locations are not entitled to poker machines. Mr. Tooke suggested an amendment to make the law clear –either grandfathered locations are entitled or state specifically that the multi-games are not allowed there.

A motion was made by Bill Thomas to defer Council action on this issue until the next meeting. The motion passed unanimously.

Mr. Huntington stated that the contention surrounds two bingo halls that have 20 machines each, the law is not clear that they can have multi-games.

Mr. Huntington stated that the Division is proposing to maintain the prohibition against player tracking.

Pam Kennedy made the motion that the Division provide the Council with the legislative proposal on AARS with the omission of (2)(c) referring to grandfathered locations. The motion passed unanimously.

### **INTERNET GAMING LEGISLATION**

Mr. Huntington explained that internet gaming is not legally authorized in Montana. The Division needs to be able to enforce the law and educate the public on the illegality of internet gambling in Montana. This large unregulated gambling industry is the most dangerous type for problem gamblers.

Steve Arntzen, Century Gaming, Billings, President GIA, stated that there is a potential problem for problem gamblers because people control themselves more in public and we can't control underage gambling on the internet.

Mr. Howlett said that he would not support legislation because it is not enforceable and there is the potential for selective enforcement.

Ms. Kennedy stated that internet gaming is already illegal and this would clarify the law for the Division. Mr. Howlett responded that we should use public education to notify the public.

Rich Miller suggested that the Division use the resources available to get the message out that internet gambling is illegal.

Mr. Tooke would like address legislation to on focus on the provider. Ms. Kennedy suggested adding internet gambling to 23-5-112, the list of illegal activities.

Ms. Kennedy made a motion for the Division to pursue proposed legislation more directed at the providers of internet gambling. The motion passed unanimously.

### **LEGISLATIVE PROPOSALS – GENERAL REVISION BILL**

Rich Miller asked what kinds of gambling can be offered if an establishment has a liquor license but no gaming license. Rick Ask responded that sports pools can be offered and this legislation would make it clear what gambling activities require an alcoholic beverage license. Rep. Witt asked if people can play card games, like pinochle, in an establishment with no card table permit if the players are only playing for points. Mr. Ask responded that so long as no money is used it would be legal.

Bill Nooney, W. Montana Fair & Montana Simulcast Partners, Missoula, asked a question on the display of antique slot machines. Mr. Huntington stated that the Division will draft the appropriate legislation to present at the next Council meeting.

Mr. Tooke described a simulcast/fantasy sports league and stated that this would generate new customers and that the fantasy league could use the simulcast system to support the league in simulcast locations. Mr. Tooke stated that players would pick a team and compete with others and wanted to know if there was a way to allow this under state law.

Mr. Huntington stated that the Board of Horse Racing would be most helpful with this to help draft a bill and get an opinion of whether this would be legal under the federal sports betting act. Sam Murfitt stated that the Board does not perceive going forward with this legislation.

### **FINAL BUSINESS**

The next meeting will be in Great Falls, June 23, 2004.